

*May 88 Highlights***ROUTING AND RECORD SHEET****SUBJECT:** (Optional);

Highlights of Monthly Warning Reports for May 1988

**FROM:**Fritz W. Ermarth  
Chairman/NIC  
7E 47 Hqs.**EXTENSION****NO.****DATE**

28 June 1988

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The Director of Central Intelligence  
Washington, D.C. 20505

National Intelligence Council

27 June 1988

MEMORANDUM FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence

FROM: Charles E. Allen  
National Intelligence Officer for Warning

SUBJECT: Highlights of Monthly Warning Reports for May 1988

Herewith are summaries of key warning issues compiled by the NIO for Warning from the monthly Intelligence Community meetings conducted by the NIOs in May. The judgments expressed are those of the Community unless otherwise noted. The NIOs' complete reports are attached.

Panama

General Noriega has moved to cement and extend his influence in Panama and probably calculates that he can remain in power even if he does not reach a formal agreement with the United States.

- o Most of the Community believes he continues to lay the groundwork for remaining a major player in Panama. He has: created a loyal new Strategic Military Council; promoted loyalists to key positions in the Panama Defense Forces; shaken up the Cabinet to improve control of the civilian bureaucracy; and moved to exacerbate divisions among regime opponents.
- o Over the longer-term, the NIO for Warning believes that Noriega could chip away at US interests in Panama, including rights to the Canal.

USSR/Eastern Europe

The Soviets have successfully weathered two successions in Eastern Europe and a new round of unrest in Poland, but party leader Gorbachev and the reforms he has undertaken continue to have a profoundly unsettling influence in Eastern Europe. The potential for Soviet missteps remains high.

- o Soviet objectives in the region remain unchanged. Under Gorbachev, however, Soviet management practices have changed. East European

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leaders have more room for maneuver and Moscow is not pressing for slavish imitation of Soviet reforms.

- o The threshold for Soviet military intervention may be higher under Gorbachev than his three predecessors. The Intelligence Community is divided, however, on the extent to which the "Brezhnev Doctrine"--that no state once communist will be allowed to renounce communism--has been abandoned.

#### Libya/Benin

Libyan activity in Benin has increased again and Colonel Qadhafi's agents probably will resume using Benin to carry out subversive and terrorist operations in Africa. President Kerekou has rescinded restrictions on Libyans in Benin. The head of the Libyan People's Bureau has returned and a Libyan front company has reopened.

- o Analysts conclude that Tripoli virtually "owns" anyone of importance in the Benin Government.

#### Guatemala

The failure of the coup in May against President Cerezo did little to dampen the zeal of anti-regime forces and another coup attempt is likely.

- o Cerezo has bought some time by taking steps to meet the military's concerns--including shelving plans to meet with insurgents and promising more rifles for the army. He may also pardon coup plotters. However, Cerezo has a history of returning to previous policies.
- o Analysts are divided over the timing of another coup attempt. Some believe one is likely soon while others think Cerezo's moves have bought him six to nine months.

  
Charles E. Allen

Attachments



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